

## **ASSET PURCHASE AGREEMENT**

ASSET PURCHASE AGREEMENT, dated as of May 8, 2009 (this "Agreement"), is by and between QUEST FOR LIFE, INC., an Illinois non-profit corporation ("Seller"), and EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ("Buyer").

### **WITNESSETH:**

WHEREAS, Seller is the licensee of radio stations WGSL(FM), Loves Park, Illinois (Channel 216, 91.1 MHz) FIN # 11064 ("WGSL") and WQFL(FM), Rockford, Illinois (Channel 265, 100.9 MHz) FIN # 54255 ("WQFL") (collectively WGSL and WQFL, the "Stations") pursuant to authorizations (the "FCC Authorizations") issued by the Federal Communications Commission (the "FCC");

WHEREAS, on the terms and conditions described herein, Seller desires to sell and Buyer desires to acquire substantially all of the assets owned or leased by Seller and used or useful in connection with the operation of the Stations.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

#### **1. Sale of Assets.**

(a) On the Closing Date (as hereinafter defined), Seller shall sell, assign and transfer to Buyer, and Buyer shall purchase and assume from Seller, the assets, properties, interests and rights of Seller of whatsoever kind and nature, which are owned by Seller and used or useful in connection with the operation of the Stations (the "Assets") (but excluding the Excluded Assets described in subparagraph (c) below), including without limitation:

(i) Seller's equipment, machinery, furniture, furnishings, fixtures, office materials, and other tangible personal property used or useful in the conduct of the business or operations of the Stations (the "Tangible Personal Property"), together with such improvements and additions thereto and replacements thereof between the date hereof and the Closing Date, including without limitations the property set forth on Schedule 1 hereto;

(ii) All of the licenses, permits, applications, and other authorizations, including the FCC Authorizations (collectively, the "Licenses"), issued by, or granted by, or filed with the FCC, the Federal Aviation Administration (the "FAA"), and any other federal, state or local governmental authorities, to Seller in connection with the conduct of the business and the full on-air operations of the Stations, including without limitation those set forth on Schedule 2 hereto;

(iii) The Seller's fee simple interest in the Stations' tower site real property, and including buildings, fixtures and other improvements (but excluding any existing or future towers and the existing transmitter building for the Stations), leasehold interests, easements, licenses, rights of access, rights of way and improvements which are held by Seller

for use in the operation of the Stations' tower site facility (the "Real Property"), including without limitation as set forth on Schedule 3 hereto;

(iv) All of Sellers' logs, books, files, data, software, FCC and other governmental applications, equipment manuals and warranties, and other records relating to the full on-air broadcast operations of the Stations, including without limitation all electronic data processing files and systems, FCC filings and all records required by the FCC to be kept by the Stations; and

(v) All of Seller's right, title and interest in and to all copyrights, licenses, patents, trademarks, service marks, logos and trade names (including the call letters) used in connection with the operation of the Stations and all goodwill associated therewith, including registrations and applications for registration of any of the foregoing, and other similar intangible rights and interests.

(b) The Assets shall be transferred by Seller to Buyer free and clear of all debts, security interests, mortgages, trusts, claims, pledges, conditional sales agreements and other liens, liabilities and encumbrances of every kind and nature ("Liens"), other than for taxes not yet due and payable ("Permitted Liens"). Buyer is not agreeing to, and shall not, assume any liability, obligation, undertaking, expense or agreement of Seller of any kind, absolute or contingent, known or unknown, and the execution and performance of this Agreement shall not render Buyer liable for any such liability, obligation, undertaking, expense or agreement unless otherwise specifically agreed to herein. All of such liabilities and obligations which are to be assumed by Buyer, shall be referred to herein as the "Assumed Liabilities." All such liabilities not specifically assumed by Buyer shall be retained by Seller and are referred to herein as the "Retained Liabilities". Without limiting the generality of the foregoing, it is understood and agreed that Buyer is not agreeing to, and shall not, assume (i) any liability or obligation of Seller to Seller's employees under any existing written or oral agreements with Seller, including any such liability or obligation in respect of wages, salaries, bonuses, accrued vacation or sick pay or any other matter, or (ii) any liability arising out of any termination by Seller of the employment of any employee of the Stations or any liability for any employee benefit plan or arrangement of Seller for the Stations' employees.

(c) In addition to the Assets, Seller agrees that Buyer will have a right of first refusal, as set forth in detail in Section 9(a)(xi) below, agreeing that, if Seller sells the Stations' Tower Assets (defined below) (also referred to herein as the "ROFR Assets") and revenue stream, Buyer will have the first opportunity to purchase the ROFR Assets at a price offered by any bona fide third party purchaser.

(d) The following assets and obligations relating to the business of the Stations shall be retained by Seller and shall not be sold, assigned or transferred to or assumed by Buyer (the "Excluded Assets"):

(i) Cash on hand and in banks (or their equivalents), and accounts receivable arising out of the Seller's operation of the Stations prior to Closing;

(ii) All rights of Seller under all contracts, leases and agreements, including leases with cellular telephone providers, contracts of insurance and insurance proceeds of settlement and insurance claims made by Seller relating to property or equipment repaired, replaced, restored by Seller prior to the Closing Date;

(iii) All pension, profit-sharing, retirement, stock purchase or savings plans or trusts and any assets thereof and all other employee benefit plans;

(iv) All deposits and all prepaid expenses and taxes; and

(v) Seller's corporate records; and

(vi) Seller's radio transmission tower (ASR# 1013171) and transmitter building used by the Stations ("Stations' Tower Assets").

## 2. Purchase Price.

(a) Upon the terms and subject to the conditions contained in this Agreement, and in consideration of the sale of the Assets, on the Closing Date, Buyer shall pay to Seller, Two Million Dollars (\$2,000,000), the Purchase Price (the "Purchase Price"), which shall be payable to Seller at Closing as follows:

(i) On the Closing Date, Buyer shall pay to Seller by wire transfer of immediately available funds, the sum of One Million Dollars (\$1,000,000); and

(ii) On the Closing Date, Buyer shall execute and deliver to Seller a promissory note substantially in the form attached hereto as Exhibit A (the "Note") in the aggregate principal amount of One Million Dollars (\$1,000,000). The principal of and interest on the Note shall be amortized over a term of one hundred twenty (120) months (the "Note Term"). The loan evidenced by the Note shall bear interest at the rate of five percent (5.0%) per annum. Buyer shall pay monthly, in arrears, installments of principal and interest in the amount of \$10,606.66 each, commencing on the 30<sup>th</sup> day after the Closing Date and continuing on the same calendar day of each succeeding month; provided that all of the remaining principal amount due under the Note shall be due and payable on the date which is 48 months after the execution of the Note. If any payment date shall be a day that is not a regular business day, then payment shall be due on the next regular business day thereafter. Buyer may prepay all or any portion of the principal of the Note from time to time without penalty. In the event that Buyer consummates its tax exempt bond financing arrangement, Buyer shall pay the principal outstanding under the Note using its disbursement of funds under such arrangement.

(b) To secure Buyer's payment obligations under the Note, Buyer shall execute and deliver to Seller on the Closing Date:

(i) a Security Agreement substantially in the form of Exhibit B hereto (the "Security Agreement") granting a first priority security interest in the Assets conveyed to Buyer hereunder, excluding the FCC Licenses solely, and all proceeds from the FCC Licenses; and

(ii) a Mortgage, pledging the Real Property with Seller as mortgagee, substantially in the form of Exhibit E hereto (the "Mortgage").

(c) Concurrently with the execution of this Agreement, Buyer has delivered to WashingtonFirst Bank ("Escrow Agent") the sum of One Hundred Thousand Dollars (\$100,000) to be held as an earnest money deposit (the "Earnest Money Deposit") pursuant to an Escrow Agreement (the "Escrow Agreement") of even date herewith. On the Closing Date the Earnest Money Deposit shall be paid to Seller as partial payment of the cash Purchase Price due at Closing to Seller, or shall otherwise be made available to Seller or released to Buyer in accordance with the provisions of this Agreement.

(d) The parties agree to prorate all expenses arising out of the operation of the Stations which are incurred, accrued or payable, as of 11:59 p.m. local time of the day preceding the Closing. The items to be prorated shall include, but not be limited to, power and utilities charges, FCC regulatory fees, security deposits, and similar prepaid and deferred items. On the Closing Date, the prorations shall, insofar as feasible, be determined and paid on the Closing Date, with final settlement and payment to be made within forty-five (45) days after the Closing Date.

### 3. FCC Consent; Assignment Application.

(a) At a date not later than ten (10) business days after the execution of this Agreement, Buyer and Seller shall execute, file and vigorously prosecute an application with the FCC (the "Assignment Application") requesting its consent to the assignment, from Seller to Buyer, of all FCC Authorizations pertaining to the Stations (the "FCC Consent"). Buyer and Seller shall take all reasonable steps to cooperate with each other and with the FCC to secure such FCC Consent without delay, and to promptly consummate this Agreement in full. Each party shall be responsible for all of its own costs with respect thereto. The Assignment Application filing fee will be shared equally between Buyer and Seller.

(b) Seller hereby consents and agrees to cooperate with Buyer in connection with the filing of a request by Buyer for a waiver of the FCC's "main studio" rules, such waiver to be effective on or after the Closing Date. Such request shall be made and prosecution thereof shall be conducted, solely at Buyer's expense.

4. Closing Date; Closing Place. The closing (the "Closing") of the transactions contemplated by this Agreement shall occur on a date (the "Closing Date") fixed by Buyer which shall be no later than ten (10) days following the date on which the FCC Consent shall have become a Final Order (as hereinafter defined) and the other conditions to closing set forth in Section 8 have either been waived or satisfied. For purposes of this Agreement, the term "Final Order" means action by the FCC consenting to an application which is not reversed, stayed, enjoined, set aside, annulled or suspended, and with respect to which action no timely request for stay, petition for rehearing or appeal is pending, and as to which the time for filing any such request, petition or appeal or reconsideration by the FCC on its own motion has expired. The Closing shall be held by electronic mail, or as otherwise agreed upon by Buyer and Seller.

5. **Representations and Warranties of Seller.** Seller hereby makes the following representations and warranties to Buyer:

(a) Seller is a non-profit corporation organized, validly existing and in good standing under the laws of the State of Illinois. Seller has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by Seller and no other proceedings on the part of Seller are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Seller and constitutes the legal, valid and binding obligation of Seller enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

(b) The execution, delivery and performance of this Agreement by Seller will not (i) to the extent applicable to Seller, constitute a violation of or conflict with Seller's articles of incorporation, by-laws or other similar organizational documents, (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under or conflict with any of the terms, conditions or provisions of any note, bond, mortgage, indenture, agreement, lease or other instrument or obligation relating to the business of the Stations and to which Seller or any of the Assets may be subject, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained and delivered to Buyer, (iii) violate any law, statute, rule, regulation, order, writ, injunction or decree of any federal, state or local governmental authority or agency and which is applicable to Seller or any of the Assets, (iv) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever on any of the Assets, or (v) require the consent or approval of any governmental authority, lending institution or other third party other than the FCC Consent.

(c) Schedule 1 hereto contains a list of the Tangible Personal Property owned or leased by Seller for use in connection with the operation of the Stations. Seller owns and has, or will have on the Closing Date, good and marketable title to the Tangible Personal Property. The assets listed in Schedule 1 hereto include all material Tangible Personal Property necessary to conduct the business and operations of the Stations as now conducted (other than those assets which are Excluded Assets). Each material item of Tangible Personal Property (i) is in good condition and repair, ordinary wear and tear excepted, (ii) has been maintained in a manner consistent with generally accepted standards of good engineering practice, (iii) is operating in substantial compliance with the FCC Authorizations and rules and regulations of the FCC and FAA, and (iv) to Seller's best knowledge, does not contain any PCBs. For purposes of this Section, material Tangible Personal Property shall be such items of property valued at One Hundred Dollars (\$100) or more.

(d) Schedule 2 hereto contains a true and complete list of the FCC Authorizations and all other licenses, permits or other authorizations from governmental or regulatory authorities that are required for the lawful conduct of the business and operations of the Stations in the manner and to the full extent it is presently operated. The Licenses are in full

force and effect, unimpaired by any act or omission of Seller. Seller lawfully holds each of the FCC Authorizations and other licenses, permits and authorizations listed on Schedule 2, none of which is subject to any restrictions or conditions that would limit in any material respect the operations of the Stations. Except as set forth in Schedule 2, Seller is operating the Stations in all material respects in accordance with the FCC Authorizations, and all rules, regulations and policies of the FCC (the "Communications Laws"), including that the Stations are transmitting at no less than 90% of their authorized power. To Seller's knowledge, the Stations are not transmitting or receiving any objectionable interference to or from any other station. There is not now pending or, to Seller's knowledge, threatened any action by or before the FCC to revoke, cancel, rescind, modify or refuse to renew any of such FCC Authorizations, and Seller has not received any notice of and has no knowledge of any pending, issued or outstanding order by or before the FCC, or of any investigation, order to show cause, notice of violation, notice of apparent liability, notice of forfeiture, or material complaint against either the Stations or Seller. Except as set forth in Schedule 2, all material reports and filings required to be filed with the FCC by Seller with respect to the operation of the Stations have been timely filed, and all such reports and filings are accurate and currently are in material compliance. Seller maintains a public inspection file for the Stations and, to Seller's knowledge, such file complies with the Communications Laws.

(e) The existing tower used in the operation of the Stations is obstruction-marked and lighted to the extent required by, and in accordance with, the rules and regulations of the FAA and the FCC. Seller has complied in all material respects with all requirements of the FCC and the Federal Aviation Administration with respect to the construction and/or alteration of Seller's antenna structures, and "no hazard" determinations for each antenna structure have been obtained, where required. The Stations' tower has been properly registered with the FCC at the coordinates specified in the Licenses. The operations of the Stations do not exceed permissible levels of exposure to RF radiation specified in either the FCC's rules, regulations and policies concerning RF radiation or any other applicable Environmental Laws (as defined below).

(f) Schedule 3 contains a complete description of all real property owned or leased in connection with the Seller's operation of the tower facilities of the Stations, including legal description, owner and use (the "Real Property"). The Real Property constitutes the only real property required to operate the transmission facilities of the Stations in the manner in which it they are presently operated. Seller has fee simple title to the Real Property described in Schedule 3, free and clear of all Liens of any nature whatsoever except Permitted Liens. There is full legal and practical access to the Real Property and all utilities necessary for Buyer's use of the Real Property as a radio tower facility are installed and are in good working order, and, are subject to valid easements were necessary. To Seller's knowledge, and except as set forth on Schedule 3, the buildings, towers, guys and other fixtures situated on the Real Property, are free of structural defects and, are suitable for their intended uses, and are in a good state of maintenance and repair (ordinary wear and tear excepted), are contained entirely within the bounds of the Real Property, and do not encroach upon any other property except in cases where valid easements (that are included in the Assets) have been obtained. Except as set forth on Schedule 3, the Real Property and improvements constructed thereon, as well as the present uses thereof, conform in all material respects with all restrictive covenants and with all applicable zoning, environmental and building codes, laws, rules and regulations, including set back

restrictions. To Seller's knowledge, there is no pending condemnation or similar proceeding affecting the Real Property or any portion thereof, and no such action is presently contemplated or threatened.

(g) The instruments to be executed by Seller and delivered to Buyer at the Closing, conveying the Assets to Buyer, will transfer good and marketable title to the Assets free and clear of all Liens.

(h) Buyer shall have no obligation to offer employment to any employee of Seller's or the Stations, and shall have no liability with respect to any such employee or for benefits of any kind or nature.

(i) Other than Media Venture Partners, whose broker fee shall be paid by Seller, there is no broker or finder or other person who would have any valid claim against Seller for a commission or brokerage in connection with this Agreement or the transaction contemplated hereby as a result of any agreement, understanding or action by Seller.

(j) Seller is not subject to any order, writ, injunction, judgment, arbitration decision or decree having binding effect and affecting the business of the Stations or the Assets or which restrains or enjoins the transactions contemplated hereby, and no such proceeding is pending. Except as set forth in Schedule 4, there is no material litigation pending by or against, or to the best of Seller's knowledge, threatened against Seller which relates to Seller or the Stations or could affect any of the Assets. Seller, with respect to the Stations, has complied in all material respects with all applicable laws, regulations, orders or decrees. The present uses by Seller of the Assets do not violate any such laws, regulations, orders or decrees in any material respect, and Seller has no knowledge of any basis for any claim for compensation or damage or other relief from any violation of the foregoing.

(k) All of the Assets that are insurable in character are insured against loss, injury or damage to the full extent of their replacement value.

(l) Seller has duly, timely and in the required manner filed all federal, state, and local income, franchise, sales, use, property, excise, payroll and other tax returns and forms required to be filed, and has paid in full or discharged all taxes, assessments, excises, interest, penalties, deficiencies and losses required to be paid. To Seller's knowledge, no event has occurred which could impose on Buyer, any liability for any taxes, penalties or interest due or to become due from Seller, by any taxing authority.

(m) Seller has complied and currently is in material compliance with, and, to the best of Seller's knowledge, the Real Property is in material compliance with, all applicable laws, statutes, rules, regulations, codes and ordinances of all U.S. federal, state and local government agencies and authorities relating to the discharge of air pollutants, water pollutants or process waste water, Hazardous Materials (as defined herein), or toxic substances, or otherwise relating to the environment, including without limitation the Federal Solid Waste Disposal Act, the Federal Clean Air Act, the Federal Clean Water Act, the Federal Resource Conservation and Recovery Act of 1976, the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, regulations of the Environmental Protection Agency,

regulations of the Nuclear Regulatory Commission, and regulations of any state department of natural resources or state environmental protection agency now or at any time hereafter in effect ("Environmental Laws").

As used herein, the term "Hazardous Materials" means any wastes, substances, or materials (whether solids, liquids or gases) that are deemed hazardous, toxic, pollutants, or contaminants, including substances defined as "hazardous wastes," "hazardous substances," "toxic substances," "radioactive materials," or other similar designations in, or otherwise subject to regulation under, any Environmental Laws. "Hazardous Materials" includes polychlorinated biphenyls (PCBs), asbestos, lead-based paints, infectious wastes, radioactive materials and wastes and petroleum and petroleum products (including crude oil or any fraction thereof). There are no underground storage tanks located at the Stations' tower site facility. There are not now, nor to Seller's knowledge have there previously been, any other facilities on, under, or at the Real Property which contained any Hazardous Materials which, if known to be present in soils or ground water, would require cleanup, removal or some other remedial action under Environmental Laws.

(n) No representation or warranty made by Seller in this Agreement, and no statement made in any certificate, document, exhibit or schedule furnished or to be furnished in connection with the transactions herein contemplated, contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make such representation or warranty or any such statement not misleading to Buyer.

6. **Representations and Warranties of Buyer.** Buyer hereby makes the following representations and warranties to Seller:

(a) Buyer is a non-profit corporation duly organized, validly existing and in good standing under the laws of the State of California, is qualified or on the closing date will be qualified to do business as a foreign corporation in the State of Illinois.

(b) Buyer has the power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by Buyer and no other proceedings on the part of Buyer are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Buyer and constitutes the legal, valid and binding agreements of Buyer enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency or other laws affecting generally the enforcement of creditors' rights or the application of principles of equity.

(c) The execution, delivery and performance of this Agreement by Buyer will not (i) conflict with or result in any breach of any provision of the articles of incorporation or by-laws of Buyer, or (ii) result in a default (or give rise to any right of termination, cancellation or acceleration) under or conflict with any of the terms, conditions or provisions of any note, bond, mortgage, indenture, agreement, lease or other instrument or obligation, relating to its own business, except for such defaults (or rights of termination, cancellation or acceleration) as to which requisite waivers or consents have been obtained and delivered to Seller, (iii) violate any



law, statute, rule, regulation, order, writ, injunction or decree of any federal, state or local governmental authority or agency and which is applicable to Buyer, or (iv) require the consent or approval of any governmental authority other than the FCC Consent.

(d) Buyer is legally and technically qualified to acquire and become the licensee of the Stations.

(e) There is no litigation, proceeding or governmental investigation pending or to the knowledge of Buyer, threatened, in any court, arbitration board, administrative agency, or tribunal against or relating to Buyer including without limitation, any voluntary or involuntary petition under Federal bankruptcy law or any state receivership or similar proceedings, that would prevent or materially impede the consummation by Buyer of the transactions contemplated by this Agreement, nor does Buyer know of, or have any reasonable ground to know of, in view of its present situation or action it now contemplates taking, any basis for such litigation, proceeding or investigation.

(f) There is no broker or finder or other person who would have any valid claim against Buyer for a commission or brokerage in connection with this Agreement or the transactions contemplated hereby as a result of any agreement, understanding or action by Buyer.

7. **Covenants.** Buyer covenants that, after the Closing Date, Buyer shall grant Seller an easement in gross, substantially similar to Exhibit F, to permit Seller's continued use of the Real Property to locate its existing broadcast tower and transmitter building and to locate another communications tower and transmitter building(s) to be constructed ("Easement Agreement"). Seller covenants with Buyer that, between the date hereof and the Closing Date, Seller shall act in accordance with the following:

(a) Seller shall maintain the Tangible Personal Property included in the Assets in accordance with standards of good engineering practice and replace any of such property which shall be worn out, lost, stolen or destroyed with like property of substantially equivalent kind and value.

(b) Seller shall continue to operate and maintain the Stations in accordance with the terms of the FCC Authorizations and in material compliance with all applicable laws and FCC rules and regulations. Seller will deliver to Buyer, promptly after filing, copies of any reports, applications or responses to the FCC or any communications from the FCC or any other party directed to the FCC related to the Stations which are filed between the date of this Agreement and the Closing Date. Seller will not file any application to modify the Stations' facilities without Buyer's prior written consent, and Seller shall take all actions necessary to keep the FCC Authorizations, including all material permits and applications pending before the FCC, valid and in full force and effect. In all other respects, except as disclosed in writing to and approved by Buyer, Seller shall operate the Stations solely in the ordinary course of business and in accordance with past practice, and shall pay its obligations with respect to the Stations in the ordinary course as such obligations become due.

(c) Seller shall maintain in full force and effect through the Closing Date adequate property damage, liability and other insurance with respect to the Assets.

(d) Prior to the Closing Date, Seller shall not, without the prior written consent of Buyer sell, lease, transfer or agree to sell, lease or transfer any of the Assets without replacement thereof with an asset of equivalent kind, condition and value, or create any Lien on the Assets.

(e) On or before the Closing Date, Seller shall furnish to Buyer revised Schedules to this Agreement as may be necessary to render such Schedules accurate and complete as of the Closing Date. Seller shall give detailed written notice to Buyer promptly upon the occurrence of or becoming aware of the impending or threatened occurrence of, any event which would cause or constitute a breach or would have caused a breach, had such event occurred or been known to Seller prior to the date hereof, of any of Seller's representations or warranties contained in this Agreement or in any Schedule. Seller shall promptly disclose to Buyer any significant problems or developments with respect to the Stations or the Assets. Seller shall give prompt written notice to Buyer if the Assets shall have suffered damage on account of fire, explosion or other cause of any nature that is sufficient to prevent operation of the Stations.

(f) Seller shall be in material compliance with all federal, state and local laws, rules and regulations.

(g) If any event should occur which would prevent the consummation of the transactions contemplated hereunder, Seller shall use its best efforts to cure the event as expeditiously as possible.

(h) Seller, as Lessor, shall execute a tower and transmission building lease agreement with Buyer substantially similar to Exhibit C, for WGSF, and a tower lease agreement substantially similar to Exhibit D, for WQFL, whereby Buyer shall lease tower site space for the Stations.

(i) Seller will cooperate with Buyer in order that Buyer may, at its option, and at Buyer's sole cost, obtain the following:

(i) With respect to the owned Real Property: (A) a preliminary title report on title covering a date subsequent to the date hereof, issued by a title insurance company acceptable to Buyer (the "Title Company"), which preliminary report shall contain a commitment (the "Title Commitment") of the Title Company to issue one or more (as appropriate) owner's title insurance policies on ALTA Policies (each, a "Title Policy") insuring the fee simple interest of Buyer in the Real Property; and (B) copies of all documents, filings and information disclosed in the Title Commitment. The Title Commitment shall not be subject to any Liens other than Permitted Liens or Liens that will be released at Closing. All standard exceptions which can be deleted by the use of owner's or Seller's affidavits are to be deleted from the Title Commitment and Title Policies, and Seller shall cooperate with Buyer in executing and delivering such instruments to the Title Company.

(ii) An as-built survey of the owned Real Property ("Surveys") which shall (A) be prepared by a registered land surveyor, (B) be certified to the Title Company and to

Buyer and (iii) show with respect to such Real Property: (1) the legal description of such parcel of Real Property (which shall be the same as the Title Policy pertaining thereto); (2) all buildings, structures and improvements thereon and other matters and all easements or rights of way; (3) no material encroachments upon such parcel or adjoining parcels by buildings, structures or improvements (unless valid easements or leases have been obtained with respect thereto); and (4) access to such parcel from a public street or valid easements or rights of way.

(iii) One or more Phase I Reports (each, a "*Phase I Report*") concerning each owned Real Property from an environmental engineering firm acceptable to Buyer which shall confirm, in a manner reasonably satisfactory to Buyer, either the absence of any Hazardous Materials from the owned Real Property, or the presence of Hazardous Materials in a state of condition which does not violate any Environmental Laws, and that there are no conditions existing at the owned Real Property which could reasonably subject Buyer to material damages, penalties or other remedial action under the Environmental Laws. In the event that any Phase I Report discloses any material violation of any Environmental Laws, Buyer shall be entitled to elect, upon written notice to Seller within thirty (30) days after receipt of such Phase I Report, either to require Seller to undertake remedial action to correct such violation (up to a limit of \$25,000 in costs and expenses for each such property requiring remediation) and to proceed to Closing, or, if the remedial action will require more than \$25,000 in costs and expenses for such property, to terminate this Agreement.

Buyer covenants that any third party encumbrances on the Assets, including but not limited to Tangible Personal Property acquired under this Agreement, shall be subordinate to Seller's secured interests established under the Security Agreement and Mortgage, to the extent such Assets are secured by the same. Buyer covenants to defend Seller's first position interests against any competing interests which may assert a first or earlier priority than Seller's, all at Buyer's expense. This covenant shall constitute a continuing obligation of Buyer. Buyer shall immediately notify Seller of any such action by any third party asserting an interest competitive to Seller's.

## **8. Conditions Precedent to Obligation to Close.**

(a) The performance of the obligations of Seller hereunder is subject to the satisfaction of each of the following express conditions precedent, unless waived in writing by Seller:

(i) Buyer shall have performed and complied in all material respects with all of the agreements, obligations and covenants required by this Agreement to be performed or complied with by Buyer prior to or as of the Closing Date;

(ii) The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date;

- (iii) The FCC Consent shall be effective and shall have been granted;
  - (iv) Buyer shall have delivered to Seller, on the Closing Date, the documents required to be delivered pursuant to Section 9(b).
  - (v) Buyer shall not be subject to any voluntary or involuntary petition under Federal bankruptcy law, or any state receivership or similarly proceeding.
  - (vi) If any event should occur which would prevent the consummation of the transactions contemplated hereunder, the Buyer, as appropriate, shall use its best efforts to cure the event as expeditiously as possible.
- (b) The performance of the obligations of Buyer hereunder is subject to the satisfaction of each of the following express conditions precedent:
- (i) Seller shall have performed and complied in all material respects with all the agreements, obligations and covenants required by this Agreement to be performed or complied with by Seller prior to or as of the Closing Date;
  - (ii) The representations and warranties of Seller set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as if made on and as of the Closing Date;
  - (iii) None of the events or conditions referenced in Section 19 below shall have occurred and not been remedied as set forth in Section 19;
  - (iv) The FCC Consent shall be effective and shall have become a Final Order;
  - (v) There shall not be any Liens on the Assets or any financing statements of record other than those to be satisfied by Seller on or before the Closing Date, and Seller shall have delivered to Buyer lien search reports, in form and substance satisfactory to Buyer and dated no earlier than 30 days prior to the Closing, reflecting the results of UCC, tax and judgment lien searches conducted at Secretary of State offices of the State of Illinois and in the County Clerk's Office of each county in which the Assets are located;
  - (vi) No suit, action, claim or governmental proceeding shall be pending, and no order, decree or judgment of any court, agency or other governmental authority shall have been rendered against any party hereto which: (A) would render it unlawful, as of the Closing Date, to effect the transactions contemplated by this Agreement in accordance with its terms; (B) questions the validity or legality of any transaction contemplated hereby; or (C) seeks to enjoin any transaction contemplated hereby;
  - (vii) Seller shall have delivered to Buyer, on the Closing Date, the documents required to be delivered pursuant to Section 9(a); and

9. **Closing Deliveries.**

(a) At the Closing, Seller will deliver to Buyer the following, each of which shall be in form and substance satisfactory to Buyer and its counsel:

(i) A Bill of Sale, and other instruments of transfer and conveyance, dated the Closing Date, in form and substance so as to effectively and legally transfer and assign to Buyer the personal property Assets and effectively vest in Buyer good and marketable title to the personal property Assets;

(ii) An Assignment and Assumption of the Stations' FCC Licenses;

(iii) A Warranty Deed for each parcel of Real Property, duly executed by Seller;

(iv) A Security Agreement;

(v) A Mortgage;

(vi) Certified copies of the resolutions of the Board of Directors of Seller authorizing and approving the execution and delivery of this Agreement and authorizing the consummation of the transactions contemplated hereby and thereby;

(vii) A certificate, dated the Closing Date, executed by an officer of Seller, certifying the fulfillment of the conditions set forth in Section 8(b)(i) and (ii) hereof;

(viii) An incumbency certificate, and

(ix) A certificate of good standing for Seller from the Secretary of State of the State of Illinois;

(x) Payoff letters from each lienholder, and authorized lien releases with respect to the Assets, if necessary;

(xi) A joint notice to Escrow Agent;

(xii) Seller shall execute an agreement in a form reasonably satisfactory to Buyer, which gives Buyer a right of first refusal should Seller decide to sell the ROFR Assets. Seller will notify Buyer within five (5) business days of any bona fide offer to purchase the ROFR Assets, and Buyer may elect to purchase the ROFR Assets at the price and on the terms offered by the third party. Only if Buyer fails to exercise its right of first refusal within thirty (30) days after receipt of such notice, may Seller proceed with the sale to the third party, and then only at that price, and on those terms, offered to Seller. If Seller declines the offer, or the offer is changed to any material extent, Buyer's right of first refusal remains in effect;

(xiii) An Easement Agreement;

(xiv) A copy of the Stations' public inspection files delivered to Buyer's address via overnight delivery; and

(xv) Such other documents, instruments and agreements necessary to consummate the transactions contemplated by this Agreement or as Buyer shall reasonably request, each in form and substance satisfactory to Buyer and its counsel.

(b) Prior to or at the Closing, Buyer will deliver to Seller the following, each of which shall be in form and substance satisfactory to Seller and its counsel:

(i) The payments to be made pursuant to Section 2(a) hereof, and the Note and Security Agreement, duly executed by Buyer;

(ii) An Assignment and Assumption of the Stations' FCC Licenses, duly executed by Buyer;

(iii) Certified copies of the resolutions of the Board of Directors of Buyer authorizing and approving the execution and delivery of this Agreement and authorizing the consummation of the transactions contemplated hereby and thereby;

(iv) A certificate, dated the Closing Date, executed by the President of Buyer, certifying the fulfillment of the conditions set forth in Section 8(a)(i) and (ii) hereof;

(v) A certificate of good standing for Buyer from the Secretary of State of California;

(vi) A joint notice to Escrow Agent;

(vii) Such other documents, instruments and agreements necessary to consummate the transactions contemplated by this Agreement or as Seller shall reasonably request, each in form and substance satisfactory to Seller and its counsel;

(viii) An Easement Agreement; and

(viii) A Mortgage.

#### 10. **Indemnification.**

(a) Following the Closing Seller shall indemnify, defend and hold harmless Buyer with respect to any and all demands, claims, actions, suits, proceedings, assessments, judgments, costs, losses, damages, liabilities and expenses (including, without limitation, interest, penalties, court costs and reasonable attorneys' fees) ("Damages") asserted against, resulting from, imposed upon or incurred by Buyer directly or indirectly relating to or arising out of: (i) the breach by Seller of any of its representations or warranties that survive the Closing, or failure by Seller to perform any of its covenants, conditions or agreements set forth in this Agreement that survive the Closing; and (ii) any and all claims, liabilities and obligations of any nature, absolute or contingent, relating to the ownership and operation of the Stations prior to the Closing, including the Retained Liabilities and with respect to the Excluded Assets.

(b) Following the Closing, Buyer shall indemnify, defend and hold Seller harmless with respect to any and all Damages asserted against, resulting from, imposed upon or incurred by Seller directly or indirectly relating to or arising out of: (i) the breach by Buyer of any of its representations, warranties, or failure by Buyer to perform any of its covenants, conditions or agreements set forth in this Agreement; and (ii) any and all claims, liabilities and obligations of any nature, absolute or contingent, relating to the Assumed Liabilities or the ownership and operation of the Stations as conducted by Buyer subsequent to the Closing.

(c) If either party hereto (the "Indemnatee") receives notice or otherwise obtains knowledge of any matter with respect to which another party hereto (the "Indemnifying Party") may be obligated to indemnify the Indemnatee under this Section 10(c), then the Indemnatee shall promptly deliver to the Indemnifying Party written notice describing such matter in reasonable detail and specifying the estimated amount of the Damages or liability that may be incurred by the Indemnatee in connection therewith. The Indemnifying Party shall have the right, at its option, to assume the complete defense of such matter at its own expense and with its own counsel, provided such counsel is reasonably satisfactory to the Indemnatee. If the Indemnifying Party elects to assume the defense of such matter, then (i) notwithstanding anything to the contrary herein contained, the Indemnifying Party shall not be required to pay or otherwise indemnify the Indemnatee against any such matter following the Indemnifying Party's election to assume the defense of such matter, (ii) the Indemnatee shall fully cooperate as reasonably requested by the Indemnifying Party in the defense or settlement of such matter, (iii) the Indemnifying Party shall keep the Indemnatee informed of all material developments and events relating to such matter, and (iv) the Indemnatee shall have the right to participate, at its own expense, in the defense of such matter. In no event shall the Indemnifying Party be liable for any settlement or admission of liability with respect to such matter without its prior written consent.

(d) The Indemnifying Party shall only be liable to the Indemnatee for breach of its representations and warranties to the extent that the Damages for such breach exceed \$10,000. Except as to Sections 5(l), 5(m) and Seller's representations of clear title to the Assets being conveyed herein, the maximum amount of Damages in the aggregate for which an Indemnifying Party shall be liable for such breach is \$1,000,000.

(e) The several representations and warranties of Seller and Buyer contained in or made pursuant to this Agreement shall expire on the date that is one (1) year after the Closing Date. Seller's covenant set forth in Sections 1(c) and 9(a)(xi) shall survive the Closing to the extent of the applicable statute of limitations.

## 11. **Termination.**

(a) This Agreement may be terminated by either Buyer or Seller, if the party seeking to terminate is not in default or breach of any of its material obligations under this Agreement, upon written notice to the other upon the occurrence of any of the following: (a) if, on or prior to the Closing Date, the other party breaches any of its material obligations contained herein, and such breach is not cured by the earlier of the Closing Date or thirty (30) days after receipt of the notice of breach from the non-breaching party; or (b) if the Assignment Application is denied by Final Order or designated for hearing; or (c) if there shall be in effect

any judgment, final decree or order that would prevent or make unlawful the Closing of this Agreement.

(b) Upon a termination of this Agreement by Seller due to a breach by Buyer of any of its material obligations under this Agreement, Seller's sole remedy shall be the following delivery of the Earnest Money Deposit from the Earnest Money Deposit. Seller and Buyer each acknowledge and agree that these liquidated damages are reasonable in light of the anticipated harm which would be caused by Buyer's breach of any of its material obligations under this Agreement and the difficulty of ascertaining damages and proof of loss and that these damages are not a penalty.

(c) Upon a termination of this Agreement due to a breach by Seller of any of its material obligations under this Agreement, Buyer shall be entitled to the release of the Earnest Money Deposit, and Buyer shall be entitled to the remedy of specific performance as provided in Section 12 below or, in the alternative, may seek all other rights and remedies that it may have in equity or law.

(d) Upon a termination of this Agreement for any reason other than as a result of a breach by either party of any of its material obligations under this Agreement, Buyer shall be entitled to the release of the Earnest Money Deposit, and thereafter neither party shall have any further obligation to the other under this Agreement.

12. **Specific Performance.** Seller acknowledges that the Stations are unique assets not readily obtainable on the open market and that, in the event that Seller fails to perform its obligation to consummate the transaction contemplated hereby, money damages alone will not be adequate to compensate Buyer for its injury. Therefore, Seller agrees and acknowledges that in the event of Seller's failure to perform its obligation to consummate the transaction contemplated hereby, Buyer shall be entitled, in addition to any other rights and remedies on account of such failure, to specific performance of the terms of this Agreement and of Seller's obligation to consummate the transaction contemplated hereby. If any action is brought by Buyer to enforce this Agreement, Seller shall waive the defense that there is an adequate remedy at law, and Buyer shall be entitled to receive from Seller all court costs, attorney's fees and other out-of-pocket expenses incurred by Buyer in enforcing its rights under this provision.

13. **Confidentiality.**

(a) Each party shall hold, and shall cause its officers, employees, agents and representatives, including, without limitation, attorneys, accountants, consultants and financial advisors who obtain such information to hold, in confidence, and not use for any purpose other than evaluating the transactions contemplated by this Agreement, any confidential information of another party obtained through the investigations permitted hereunder, which for the purposes hereof shall not include any information which (i) is or becomes generally available to the public other than as a result of disclosure by the party which alleges the information is confidential or its affiliates, (ii) becomes available to a party on a nonconfidential basis from a source, other than the party which alleges the information is confidential or its affiliates, which has represented that such source is entitled to disclose it, or (iii) was known to a party on a



nonconfidential basis prior to its disclosure to such party hereunder. If this Agreement is terminated, each party shall deliver, and cause its officers, employees, agents, and representatives, including, without limitation, attorneys, accountants, consultants and financial advisors who obtain confidential information of another party pursuant to investigations permitted hereunder to deliver to such other party all such confidential information that is written (including copies or extracts thereof), whether such confidential information was obtained before or after the execution.

(b) If a party or a person to whom a party transmits confidential information of another party is requested or becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoena, criminal or civil investigative demand or similar process) to disclose any of such confidential information, such party or person will provide the other applicable party with prompt written notice so that such party may seek a protective order or other appropriate remedy or waive compliance with Section 13(a). If such protective order or other remedy is not obtained, or if the applicable party waives compliance with Section 13(a), the party subject to the request will furnish only that portion of such confidential information which is legally required and will exercise its best efforts to obtain reliable assurance that confidential treatment will be accorded such confidential information.

14. **Notices.** All notices, elections and other communications permitted or required under this Agreement shall be in writing and shall be deemed effectively given or delivered upon personal delivery (or refusal thereof), or twenty-four (24) hours after delivery to a courier service which guarantees overnight delivery, or five (5) days after deposit with the U.S. Post Office, by registered or certified mail, postage prepaid, and, in the case of courier or mail delivery, addressed as follows (or at such other address for a party as shall be specified by like notice):

If to Seller, to:

Quest for Life, Inc.  
5950 Spring Creek Rd  
Rockford, IL 61114  
Attn: Mark Brynteson

If to Buyer, to:

Educational Media Foundation  
5700 West Oaks Boulevard  
Rocklin, CA 95765  
Attn: Mike Novak, President/CEO

with a copy (which shall not  
constitute notice) to:

David D. Oxenford, Esq.  
Davis Wright Tremaine LLP  
1919 Pennsylvania Ave., NW, Suite 200

Washington, D.C. 20006  
Fax: 202.973.4499

15. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois, without giving effect to the choice of law principles thereof.

16. **Partial Invalidity.** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any provision contained herein shall, for any reason, be held to be invalid or unenforceable, such provision shall be ineffective to the extent of such invalidity or unenforceability without invalidating the remainder of such provision or any other provisions hereof, unless such a construction would be unreasonable.

17. **Counterparts.** This Agreement may be executed in several counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument. This Agreement may be executed and exchanged by electronic mail or facsimile transmission, with the same legal effect as if the signatures had appeared in original handwriting on the same physical document. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of electronic mail or facsimile machine to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of electronic mail or a facsimile machine as a defense to the formation of a contract and each such party forever waives any such defense.

18. **Expenses.** Except as otherwise set forth in this Section, each party hereto shall be solely responsible for all costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement. All federal, state, local and other transfer and sales taxes, if any, applicable to, imposed upon or arising out of the transfer to Buyer of the Assets as contemplated hereby shall be paid according to local custom.

19. **Risk of Loss.** The risk of loss to any of the Assets on or prior to the Closing Date shall be upon Seller. Seller shall use all commercially reasonable efforts to repair or replace any damaged or lost Assets, provided, however, that in the event that the Assets with a value of greater than Thirty Thousand Dollars (\$30,000) are damaged or lost on the date otherwise scheduled for Closing, Buyer may, at its option, either (i) postpone Closing for a period of up to sixty (60) days while Seller repairs or replaces such Assets, or (ii) elect to close with the Assets in their current condition, in which case Seller shall assign all proceeds from insurance on such lost or damaged Assets to Buyer, and Buyer shall have the responsibility to repair or replace the Assets. Seller shall have no responsibility to repair or replace damaged or destroyed Assets not covered by insurance if the cost of such repair exceeds Thirty Thousand Dollars (\$30,000), provided, however, that should Seller not advise Buyer within five (5) days after being requested to do so that Seller will repair or replace such Assets, Buyer may terminate this Agreement without penalty upon written notice to Seller. Should either of the Stations (i) not operate for a period in excess of seventy-two (72) consecutive hours, or (ii) not operate with full licensed

facilities for a period of thirty (30) consecutive days, or if either of the Stations are operating at less than 90% of its full authorized power as of the scheduled Closing Date, Buyer may either elect to terminate this Agreement without penalty upon written notice to Seller or postpone the Closing for a period of up to sixty (60) days while Seller attempt to cure the described condition.

20. **Assignment.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No party may voluntarily or involuntarily assign its interest or delegate its duties under this Agreement without the prior written consent of the other party.

21. **No Strict Construction.** The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise from favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

22. **Entire Agreement.** This Agreement, and the exhibits attached hereto, supersede all prior agreements and understandings between the parties with respect to the subject matter hereof and may not be changed or terminated orally, and no attempted change, amendment, or waiver of any of the provisions hereof shall be binding unless in writing and signed by both parties.

[SIGNATURES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Asset Purchase Agreement as of the day and year first above written.

**Seller:**

**QUEST FOR LIFE, INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*SERENY DE WEEES*  
PRESIDENT

**Buyer:**

**EDUCATIONAL MEDIA FOUNDATION**

By: \_\_\_\_\_

Mike Novak  
President/CEO

IN WITNESS WHEREOF, the parties hereto have executed this Asset Purchase Agreement as of the day and year first above written.

**Seller:**

**QUEST FOR LIFE, INC.**

By: \_\_\_\_\_


Name:

Title:

**Buyer:**

**EDUCATIONAL MEDIA FOUNDATION**

By: \_\_\_\_\_

  
Mike Novak  
President/CEO

### **TABLE OF SCHEDULES**

SCHEDULE 1	-	TANGIBLE PERSONAL PROPERTY
SCHEDULE 2	-	FCC LICENSES
SCHEDULE 3	-	REAL PROPERTY
SCHEDULE 4	-	LITIGATION

## **TABLE OF EXHIBITS**

EXHIBIT A	-	PROMISSORY NOTE
EXHIBIT B	-	SECURITY AGREEMENT
EXHIBIT C	-	WGSL LEASE
EXHIBIT D	-	WQFL LEASE
EXHIBIT E	-	MORTGAGE
EXHIBIT F	-	EASEMENT AGREEMENT

## **EXHIBIT B**

### **SECURITY AGREEMENT**

THIS SECURITY AGREEMENT, dated as of \_\_\_\_\_, 2009, is by and between EDUCATIONAL MEDIA FOUNDATION, a California non-profit corporation ("Debtor"), and QUEST FOR LIFE, INC., an Illinois non-profit corporation ("Secured Party").

Concurrently herewith, and in accordance with that certain Asset Purchase Agreement, dated as of March \_\_, 2009, (the "Purchase Agreement"), entered into by and between Debtor and Secured Party pursuant to which Debtor agreed to purchase from Secured Party substantially all of the assets and licenses used in the operation of broadcast stations WGSF(FM), Loves Park, Illinois and WQFL(FM) Rockford, Illinois (collectively, the "Stations"), Secured Party is lending an aggregate principal amount of One Million Dollars (\$1,000,000) to the Debtor thereon, which is evidenced by a certain Promissory Note of even date herewith in favor of the Secured Party (the "Note") executed in connection with the Purchase Agreement and delivered to Secured Party.

All capitalized terms, unless otherwise defined herein, shall have the meanings set forth in the Note.

#### **SECTION 1. Security.**

(a) As security for the payment of the \$1,000,000 principal indebtedness under the Note referenced above, and any interest that may accrue thereon (collectively, the "Obligations"), Debtor hereby grants to Secured Party a continuing security interest in the Collateral set forth in Schedule 1 hereto.

(b) Debtor irrevocably appoints Secured Party as its lawful attorney-in-fact and agent to execute, on its behalf, financing statements and any assignment documents and to file on its behalf appropriate financing statements.

(c) Debtor hereby represents and warrants to Secured Party that: (i) except for the lien granted by the Debtor in favor of the Secured Party pursuant to this Security Agreement, Debtor is, or to the extent that certain of the Collateral is to be acquired after the date hereof, will be, the owner of the Collateral free from any adverse lien, security interest or encumbrance; and (ii) to the best of Debtor's knowledge, no financing statement covering the Collateral is on file in any public office, other than the financing statements filed pursuant to this Security Agreement.

#### **SECTION 2. Covenants of Debtor.**

Debtor hereby covenants that:



(a) Debtor will defend the Collateral against any claims and demands of all other persons at any time claiming the same or an interest therein which would conflict with any claim or interest of Secured Party. Debtor will maintain the tangible property included within the Collateral in good operating condition and repair, and use it only in connection with the operation of the Stations unless disposed of in the ordinary course of business and replaced with equipment of substantially equivalent value. Debtor will not encumber, sell, transfer, assign, abandon or otherwise dispose of the Collateral except for: (i) sale or transfer of Inventory, and cancellation of Insurance (subject to Section 2(b) hereof) in the ordinary course of business, (ii) liens arising from taxes, assessments, charges, levies or claims that are not yet due or that remain payable without penalty or which are being contested in good faith by appropriate proceedings, (iii) liens arising from legal proceedings, so long as such proceedings are being contested in good faith by appropriate proceedings diligently conducted and so long as execution is stayed on all judgments resulting from any such proceedings, (iv) liens created by this Security Agreement, (v) dispositions of items of Equipment no longer useful to Debtor in the ordinary course of business, and (vi) trade-ins, replacements or exchanges of items of Equipment for other items of Equipment having an equal or greater value (in excess of any purchase money liens on such items) and useful in Debtor's business.

(b) Debtor will have and maintain insurance with financially sound and reputable insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same or a similar business and similarly situated, including without limitation, property and casualty insurance and public liability insurance.

(c) Upon reasonable advance notice to Debtor, Secured Party may examine and inspect the Collateral owned by Debtor at any reasonable time and at any reasonable place, wherever located.

(d) Debtor will pay promptly when due all taxes and assessments upon the Collateral owned by Debtor or upon its use or sale unless such taxes or assessments are being contested in good faith by Debtor. At its option, Secured Party may discharge taxes, liens or other encumbrances at any time levied against or placed on the Collateral which have not been stayed as to execution and contested with due diligence in appropriate legal proceedings, and Secured Party may pay for insurance on the Collateral if Debtor has failed to comply with such obligation and may pay for maintenance and preservation of the Collateral if Debtor fails to do so. Debtor shall reimburse Secured Party on demand for any such expense incurred by Secured Party pursuant to the foregoing authorization.

(e) Debtor will from time to time upon demand furnish to Secured Party such further information and will execute and deliver to Secured Party such financing statements and assignments and other papers and will do all such acts and things as may be necessary or appropriate to establish, perfect and maintain a valid security interest in the Collateral as security for the Obligations, and Debtor hereby

authorizes Secured Party to execute and file at any time and from time to time one or more financing statements or copies thereof or of this Security Agreement with respect to the Collateral signed only by Secured Party.

**SECTION 3. Events of Default.**

(a) Debtor shall be in default under this Agreement upon the occurrence of any of following events or conditions (each, an "Event of Default"):

(i) an "Event of Default" shall occur under the Note and Secured Party's acceleration of such Note; or

(ii) any representation or warranty made by Debtor in this Security Agreement shall prove to have been incorrect in any material respect on or as of the date made or deemed made, and such inaccuracy is not cured to the satisfaction of Secured Party within thirty (30) days after the date on which Secured Party gives Debtor written notice of such failure; or

(iii) Debtor shall fail to perform or observe any material term, covenant, or agreement contained in this Security Agreement, and such failure is not cured to the satisfaction of Secured Party within thirty (30) days after the date on which Secured Party gives Debtor written notice of such failure.

(b) Upon the occurrence of an Event of Default, Secured Party shall have all of the rights, powers and remedies set forth in the Note and this Agreement, together with the rights and remedies of a secured party under the applicable Uniform Commercial Code, including without limitation the right to sell, lease or otherwise dispose of any or all of the Collateral and to take possession of the Collateral. Secured Party may require Debtor to assemble its Collateral and make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties. Debtor hereby agrees that its address and the place or places of location of the Collateral are places reasonably convenient to it to assemble the Collateral. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send to Debtor reasonable advance notice of the time and place of any public sale or reasonable advance notice of the time after which any private sale or any other disposition thereof is to be made. The requirement of sending reasonable advance notice shall be met if such notice is mailed, postage prepaid, to Debtor at least ten (10) days before the time of the sale or disposition. After deducting all expenses incurred by Secured Party in protecting or enforcing its rights in the Collateral, the residue of any proceeds of collection or sale of the Collateral shall be applied to the payment of principal, first, and then interest of Debtor's Obligations, and Debtor shall remain, liable for any deficiency.

(c) Upon the occurrence and continuing existence of an Event of Default, Secured Party shall have the right to require that Debtor join with the successful

bidder or other purchaser at a foreclosure sale regarding the Collateral in seeking from the FCC all applicable prior approvals of the assignment of the Stations' FCC Licenses to such bidder or other purchaser. In that regard, Debtor agrees to execute and deliver all applications, certificates, instruments, assignments and other documents and papers that may be required to obtain any necessary FCC consent, approval or authorization. It is expressly understood that such sale shall be subject to all applicable consents and prior approvals of the FCC. In the event Debtor fails to execute any such application or other document, the clerk of any court that has jurisdiction over this Agreement may execute or authorize and file the same on behalf of Debtor.

#### **SECTION 4. Collection.**

Upon the occurrence of an Event of Default pursuant to Section 3(a) hereof, Secured Party shall have the following rights and powers in addition to those specified in Section 3 above:

(a) Secured Party shall have the right to notify the contract obligors obligated on any or all of Debtor's Insurance to make payment thereof directly to Secured Party, and Secured Party may take control of all proceeds of any of the Insurance or General Intangibles.

(b) Debtor hereby irrevocably appoints Secured Party to be Debtor's true and lawful attorney-in-fact, with full power of substitution, in Secured Party's name or Debtor's name or otherwise for Secured Party's sole use and benefit, but at Debtor's cost and expense, to exercise at any time after the occurrence and continuing existence of an Event of Default pursuant to Section 3(a), but subject to the provisions of Section 8 hereof, the power to sell, transfer, assign or otherwise deal in or with the same or the proceeds thereof and to apply for and obtain any required consents of any governmental authority for any such sale or other disposition, as full and effectually as if Secured Party were the absolute owner thereof.

(c) Secured Party may seek, in a court of competent jurisdiction, the appointment of a receiver or trustee to take possession of all or any portion of the Collateral or to operate same; provided, that upon appointment of such receiver or trustee, an FCC Form 316 application for involuntary transfer or assignment of license (or successor form) shall be filed within 10 days of the entry of a Final Order appointing such receiver or trustee and Debtor agrees to assist in preparation and filing of the FCC Form 316 and any other documents required to authorize an involuntary transfer or assignment to such receiver or trustee. Debtor retains its right to contest or defend against any petition for appointment of a receiver or trustee filed by Secured Party. For purposes of this Agreement, the term "Final Order" means action by a court of competent jurisdiction that is not reversed, stayed, enjoined, set aside, annulled or suspended, and with respect to which action no timely request for stay, petition for rehearing or appeal is pending, and as to which the time for filing any such request, petition or appeal has expired or been waived by Debtor.

## **SECTION 5.     Limitations.**

With respect both to Obligations and Collateral, Debtor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payments thereon and the settlement, compromising or adjusting of any thereof, all in such time or times as Secured Party may deem advisable. Secured Party shall have no duty as to the collection or protection of Collateral not in Secured Party's possession, and Secured Party's duty with reference to Collateral in its possession shall be to use reasonable care in the custody and preservation of such Collateral, but such duty shall not require Secured Party to engage in:

- (i) the collection of income thereon;
- (ii) the collection of debt;
- (iii) the taking of steps necessary to preserve rights against prior parties, although Secured Party is authorized to reasonably undertake any such action if deemed appropriate by Secured Party.

## **SECTION 6.     Successors and Assigns.**

The covenants, representations, warranties and agreements herein set forth shall be binding upon Debtor, its legal representatives, successors and assigns, as joint and several obligations, and shall inure to the benefit of Secured Party, its successors and assigns.

## **SECTION 7.     Miscellaneous.**

(a) No delay or omission by Secured Party in exercising any of its rights hereunder shall be deemed to constitute a waiver thereof. All rights and remedies of Secured Party hereunder shall be cumulative and may be exercised singularly or concurrently.

(b) This Agreement shall be governed by and construed under the laws of the State of Illinois, without regard to its principles of conflict of laws. None of the terms or provisions of this Agreement may be waived, altered, modified, or amended except by an agreement in writing signed by Secured Party and Debtor.

(c) All notices, statements, requests and demands herein provided for shall be in writing and shall be deemed effectively given or delivered upon personal

delivery (or refusal thereof), or twenty-four (24) hours after delivery to a courier service which guarantees overnight delivery, or five (5) days after deposit with the U.S. Post Office, by registered or certified mail, postage prepaid, and, in the case of courier or mail delivery, addressed as follows (or at such other address for a party as shall be specified by like notice):

If to Secured Party, to:

Quest for Life, Inc.  
5950 Spring Creek Road  
Rockford, IL 61114  
Attn: Mark Brynteson

If to Debtor, to:

Educational Media Foundation  
5700 West Oaks Boulevard  
Rocklin, CA 95765  
Attn: Mike Novak, President/CEO

with a copy (which shall not  
constitute notice) to:

David D. Oxenford, Esq.  
Davis Wright Tremaine, LLP  
1919 Pennsylvania Ave., N.W., Suite 200  
Washington, D.C. 20006

#### **SECTION 8. FCC Approval.**

(a) Notwithstanding anything to the contrary contained herein, any foreclosure on, sale, transfer or other disposition of any Collateral or any other action taken or proposed to be taken hereunder that would affect the operational, voting, or other control of Debtor or affect the ownership of the FCC Licenses, shall be pursuant to Section 310(d) of the Communications Act of 1934, as amended (the "Communications Act"), and to the applicable rules and regulations of the FCC and, if and to the extent required thereby, subject to the prior consent to the FCC and any other applicable governmental authority. Notwithstanding anything to the contrary contained herein, Secured Party will not take any action pursuant hereto that would constitute or result in any assignment of the FCC Licenses if such assignment of license would require under then existing law (including the Communications Act), the prior approval of the FCC, without first obtaining such approval of the FCC and notifying the FCC of the consummation of such assignment (to the extent required to do so).

(b) Debtor agrees to take any action, at its sole cost and expense, that Secured Party may reasonably request in order to perfect and protect the security interest granted herein or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any of the Collateral, specifically including the use of its best efforts to assist in obtaining approval of the FCC or any other government agency or regulatory body for any action or transaction contemplated by this Agreement that is then required by law.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be executed by their duly authorized officers as of the date and year first above written.

**EDUCATIONAL MEDIA FOUNDATION**

By: \_\_\_\_\_  
Mike Novak  
President/CEO

**QUEST FOR LIFE, INC.**

\_\_\_\_\_  
By:  
Its:

## SCHEDULE 1

The following Equipment, Inventory, General Intangibles and Insurance are collectively referred to as the "Collateral":

(a) All personal property of Debtor located within the WGSL(FM), Loves Park, Illinois and WQFL(FM) Rockford, Illinois (the "Stations") 54 dBu coverage area and used in connection with the operation of the Stations as well as any replacements for such property and the proceeds or products from the sale of such property (the "Equipment");

(b) All of the Debtor's inventory, merchandise and goods in all forms, used solely in connection with the operation of the Stations, whether now existing or hereafter acquired, and the proceeds and products thereof (but excluding any inventory, merchandise and goods which are also used in connection with Debtor's ownership and operation of its other broadcast stations and facilities) (the "Inventory");

(c) All of Debtor's presently existing and hereafter acquired or arising general intangibles and other intangible personal property used solely in the operation of the Stations, including without limitation rights under all contract rights and all present and future authorizations, permits, licenses, franchises, government authorizations, including Debtor's rights under present and future authorizations, permits and licenses issued or granted to Debtor by the Federal Communications Commission (each, an "FCC License") for the ownership and operation of the Stations, and all rights incident or appurtenant to such authorizations, permits and licenses (but only to the extent it currently is, or hereafter may become, lawful to grant a security interest in such FCC License), together with the rights to receive all proceeds derived from or in connection with the sale, assignment or transfer of any FCC License used for ownership or operations of the Stations (the "General Intangibles"); and

(d) All insurance policies held by the Debtor or naming the Debtor as loss payee (or naming Debtor as an additional insured as its interest may appear) relating to the operation of the Stations, including without limitation, casualty insurance and property insurance, and the proceeds thereof (the "Insurance").

Notwithstanding anything contained herein to the contrary, as used herein the term "Collateral" does not include (a) any personal property of Debtor which is not located within the 54 dBu coverage area of the Stations, (b) any interest in Debtor's listener pledges and donations, (c) any of Debtor's slogans, logos, jingles, programming, program formats, trademarks, trade names, service marks, copyrights and applications for any of the foregoing, and all goodwill associated therewith, and other similar intangible rights and interests issued to or owned by Debtor in connection with the operation of the Stations, or (d) any intangible property of Debtor which is also used in connection with Debtor's ownership and operation of its other broadcast stations and facilities.

Except for principal indebtedness of the Note outstanding from time to time and any interest that may accrue thereon, the Obligations do not include, and this Security Agreement does not secure, any liability, obligation or indebtedness of Debtor to Secured Party, whether now existing or hereafter arising and howsoever evidenced.